

Congress of the United States
House of Representatives
Washington, DC 20515-5401

September 21, 2011

1296

The Honorable Julius Genachowski, Chairman
The Honorable Michael Copps
The Honorable Robert McDowell
The Honorable Mignon Clyburn
The Honorable Meredith Atwell Baker
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: Reform of the Universal Service Fund

Dear Mr. Chairman and Commissioners:

I write regarding the state of broadband service in Puerto Rico. As I have expressed on numerous occasions, the Island continues to lag well behind the rest of the nation in broadband subscribership and deployment. Your *Seventh Broadband Progress Report* shows that the FCC has made little progress since its *Sixth Broadband Deployment Report*, which revealed that the overwhelming majority of households in Puerto Rico remain unserved by broadband at speeds widely available throughout the rest of the United States. Because reducing this disparity is critical to Puerto Rico's economic future, I respectfully request that, in reforming and modernizing the Universal Service Fund, you pay particular attention to how any proposals may affect support for Puerto Rico.

Whenever an individual lacks access to broadband technology—whether in California, New York, or Puerto Rico—that person loses an array of educational opportunities, medical services, and other benefits that can only come through the use of high-speed internet services. I am concerned that the Commission's current efforts to comprehensively reform the Universal Service Fund may result in a *decrease* in funding to carriers in Puerto Rico, which rely on this funding to provide communications services throughout the Island. I therefore urge you to increase—and, under no circumstance, decrease—the support provided to Puerto Rico until the levels of telephone and broadband deployment and subscribership in Puerto Rico are on par with national levels.

Because of economic and geographic challenges, establishing a business case and securing credit to develop and expand broadband infrastructure in Puerto Rico can be very difficult. A significant portion of the Island's population lives below the federal poverty threshold, and unemployment is stubbornly high. To make matters more difficult, broadband providers face higher operational costs—including higher shipping costs and other higher costs associated with the tropical climate and topography of the Island.

As a result of these challenges, universal service funding is necessary to enable the wide deployment of advanced broadband services in Puerto Rico. It is my firm belief that the Commission must do more to address Puerto Rico's unique telecommunications needs. Several recent measurements place Puerto Rico's broadband availability and adoption rates among the very lowest in the nation. For example, the *Sixth Broadband Deployment Report* found that practically no one in Puerto Rico has obtained broadband at the minimum speed threshold adopted by the Commission in that *Report*.¹ Similarly, the *Seventh Broadband Progress Report*, which was released this past May, found that 70% of Puerto Rico's population was "unserved" by broadband at speeds comparable to the minimum speed threshold adopted by the Commission in its *Sixth Broadband Deployment Report*.² This unserved rate of 70% is double that of any state. Other recent studies have found that only 24-37% of Puerto Rico residents have adopted broadband measured at the lowest speed tracked by the Commission.³ After I raised these troubling statistics with the House Appropriations Committee, the Committee directed the Commission to "implement policies that increase broadband accessibility and adoption in Puerto Rico."⁴

Thank you for your attention to this important issue. The people of Puerto Rico have endured long enough without access to adequate broadband services and the benefits that such access brings. I am confident that, working together, we can ensure that Puerto Rico is not left to fall further behind.

Sincerely,



Pedro R. Pierluisi
Member of Congress

¹ See *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act; A National Broadband Plan for Our Future*, GN Docket Nos. 09-51, 09-137, *Sixth Broadband Deployment Report*, at app. B (2010) (finding that 3,954,000 residents of Puerto Rico are unserved by broadband service offering actual download speeds of at least 4 megabits per second and actual upload speeds of at least 1 megabit per second).

² *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as Amended by the Broadband Data Improvement Act; A National Broadband Plan for Our Future*, GN Docket No. 10-159, *Seventh Broadband Progress Report and Order on Reconsideration*, at 48, app. D (2011).

³ See FCC, HIGH-SPEED SERVICES FOR INTERNET ACCESS: STATUS AS OF DECEMBER 31, 2008, at 46, Table 21, available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-296239A1.pdf (finding that 24% of households in Puerto Rico subscribe to high-speed internet, the lowest rate of any jurisdiction measured); CONNECT PUERTO RICO, THE BROADBAND LANDSCAPE ACROSS PUERTO RICO, at 2 (2011) (finding that 31% of residents of Puerto Rico have adopted broadband); FCC, INTERNET ACCESS SERVICES: STATUS AS OF JUNE 30, 2010, at 35, Table 16, available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-305296A1.pdf (finding that 37% of households in Puerto Rico subscribe to an internet connection with a speed of greater than 200 kilobits per second, a rate lower than that of any state).

⁴ H.R. REP. NO. 112-136, at 44 (2011).



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Pedro R. Pierluisi
U.S. House of Representatives
1213 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Pierluisi:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21st century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

The Commission's Order will create jobs beginning in 2012, and lay the foundation for enduring job creation, economic growth, and U.S. global competitiveness for years to come.

For your information, I am enclosing a copy of the Order's "Executive Summary." Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Genachowski", is written over the name Julius Genachowski.

Julius Genachowski

Enclosure